

SwapClear Transaction submitted to the Clearing House and as set forth in the ISDA 2000 Definitions.

(k) *Day Count Fractions: ISDA 2006*

Day count fractions will be applied to deal legs independently as they are communicated via the matched format message.

Where the FCM SwapClear Transaction is submitted under the ISDA 2006 Definitions, the Clearing House will calculate Day Count Fractions in accordance with the principles specified in the FCM SwapClear Transaction submitted to the Clearing House and as set forth in the ISDA 2006 Definitions.

(l) *Floating Rate*

~~The~~ Subject to Section 2.1.8(q) and Section 2.1.8(r), the Floating Rate Options shall have the meanings given to them in the ISDA 2000 Definitions or the ISDA 2006 Definitions, as applicable, provided that where the rate for a Reset Date (i) is unavailable (including where such rate ceases, or will cease, to be provided by its administrators), (ii) is not sufficiently robust, (iii) is not fit for purpose or (iv) has materially changed, in each case as determined by the Clearing House in its sole discretion, the Clearing House will determine an alternative rate at its sole discretion. Each such rate will be provided in regular reports by the Clearing House to members.

(m) *Applying Floating Rate Options*

The Clearing House will determine the rate applicable on a Reset Date in respect of a SwapClear Contract as set out in paragraph (l) above. Such Rate will be applied to the appropriate floating legs and the coupon payments calculated.

The coupon payments will be adjusted to fall on actual Business Days according to the Calendar(s) and Business Day Convention specified.

(n) *Negative Interest Rate Method*

FCM Clearing Member should note the provisions of Section 3.2 of Part A of Schedule 1 to the FCM Product Specific Contract Terms And Eligibility Criteria Manual regarding the applicability of the Negative Interest Rate Method, to an FCM SwapClear Contract. FCM Clearing Members may, in the circumstances, wish to ensure that any trade submitted for registration follows that Negative interest Rate Method.

(o) *Calculation of Inflation Indices*

The Index level used for calculating the Floating Rate is determined according to the 2008 ISDA Definitions in respect of the following indices (or successor indices from time to time):

- (A) non-revised Index of Consumer Prices excluding Tobacco in the European Monetary Union;
- (B) non-revised Index of Consumer Prices excluding Tobacco in France;
- (C) non-revised Retail Price Index All Items in the United Kingdom; and
- (D) non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment in the United States.

In the event an Index is no available to calculate the Index Final, the Clearing House will, in its sole discretion, determine a value for the Index Final.

(p) *Non-deliverable Interest Rate Swaps*

The Clearing House will calculate all coupon payments for FCM SwapClear Contracts that are non-deliverable interest rate swaps, including the Fixed Amount or Floating Amount payable under any such FCM SwapClear Contract, in USD, and all amounts due or payable under such FCM SwapClear Contracts must be paid in USD.

(q) Pre-Cessation

(A) On the Pre-Cessation Effective Date:

- (I) in relation to a Relevant Benchmark other than Yen LIBOR, EURIBOR, U.S. Dollar LIBOR or Swiss Franc LIBOR, the Relevant Floating Rate Option related to that Relevant Benchmark for each Reset Date occurring on or after the Pre-Cessation Effective Date will, in respect of all FCM SwapClear Contracts referencing such Relevant Floating Rate Option, be deemed to be the corresponding Replacement Floating Rate Option and the rate for such FCM SwapClear Contract shall be determined accordingly;
- (II) in relation to Yen LIBOR, JPY-LIBOR-BBA for each Reset Date occurring two or more London Banking Days after the Pre-Cessation Effective Date will, in respect of all FCM SwapClear Contracts referencing JPY-LIBOR-BBA, be deemed to be Adjusted TONA and the rate for such FCM SwapClear Contract shall be determined accordingly;
- (III) in relation to EURIBOR, EUR-EURIBOR-Reuters for each Reset Date occurring two or more TARGET Settlement Days after the Pre-Cessation Effective Date will, in respect of all FCM SwapClear Contracts

- referencing EUR-EURIBOR-Reuters, be deemed to be Adjusted EuroSTR and the rate for such FCM SwapClear Contract shall be determined accordingly;
- (IV) in relation to U.S. Dollar LIBOR, USD-LIBOR-BBA for each Reset Date occurring two or more London Banking Days after the Pre-Cessation Effective Date will, in respect of all FCM SwapClear Contracts referencing USD-LIBOR-BBA, be deemed to be Adjusted SOFR and the rate for such FCM SwapClear Contract shall be determined accordingly; and
- (V) in relation to Swiss Franc LIBOR, CHF-LIBOR-BBA for each Reset Date occurring two or more London Banking Days after the Pre-Cessation Effective Date will, in respect of all FCM SwapClear Contracts referencing CHF-LIBOR-BBA, be deemed to be Adjusted SARON and the rate for such FCM SwapClear Contract shall be determined accordingly.
- (B) Following a Pre-Cessation Trigger Event Date in relation to a Relevant Benchmark, LCH shall notify all FCM Clearing Members in writing via a member circular of the occurrence of a Pre-Cessation Trigger Event in relation to such Relevant Benchmark and such notice shall specify the Pre-Cessation Effective Date in relation to such Relevant Benchmark. The Pre-Cessation Effective Date shall be no later than the later of (i) [five (5)] Business Days following the Pre-Cessation Trigger Event Date, and (ii) the Non-Representative Date.
- (C) Following the Pre-Cessation Effective Date in relation to a Relevant Benchmark LCH shall have the right to make any amendments or modifications to the terms of any FCM SwapClear Contract referencing a Relevant Floating Rate Option related to such Relevant Benchmark that it determines, in its sole and absolute discretion, are necessary to give effect to the Replacement Floating Rate Option (including, but not limited to, the Reset Dates) and it shall promptly notify each FCM Clearing Member in writing via a member circular of any such amendment.
- (D) For the avoidance of doubt the foregoing provisions shall be without prejudice to any other provision of the FCM Rulebook or a FCM SwapClear Contract at any time, including without limitation, any provisions or supplements published by the International Swaps and Derivatives Association from time to time and incorporated into the FCM SwapClear Contracts in accordance with the FCM Rulebook in relation to the permanent cessation and/or temporary unavailability of any Relevant Benchmark or Relevant Floating Rate Option. If any such provisions or supplements are so incorporated the

foregoing provisions shall continue to apply in relation to a Pre-Cessation Trigger Event.

Capitalised terms used in this Section 2.1.8(g) not otherwise defined herein have the meanings ascribed to them in Section 1.8.15 of the UK General Regulations.

(r) Pre-Cessation Benchmarks

<u>Relevant Benchmark</u>	<u>Relevant Regulator</u>	<u>Relevant Floating Rate Option</u>	<u>Replacement Floating Rate Option</u>
<u>U.S. Dollar LIBOR</u>	<u>The U.K. Financial Conduct Authority</u>	<u>USD-LIBOR-BBA</u>	<u>Adjusted SOFR</u>
<u>EURIBOR</u>	<u>The Belgian Financial Services and Markets Authority</u>	<u>EUR-EURIBOR-Reuters</u>	<u>Adjusted EuroSTR</u>
<u>EONIA</u>	<u>The Belgian Financial Services and Markets Authority</u>	<u>EUR-EONIA-OIS-Compound</u>	<u>The ECB Recommended Rate (as defined in supplement number 60 to the 2006 ISDA Definitions published 1st October, 2019)</u>
<u>Sterling LIBOR</u>	<u>The U.K. Financial Conduct Authority</u>	<u>GBP-LIBOR-BBA</u>	<u>Adjusted SONIA</u>
<u>Yen LIBOR</u>	<u>The U.K. Financial Conduct Authority</u>	<u>JPY-LIBOR-BBA</u>	<u>Adjusted TONA</u>
<u>Swiss Franc LIBOR</u>	<u>The U.K. Financial Conduct Authority</u>	<u>CHF-LIBOR-BBA</u>	<u>Adjusted SARON</u>
<u>BBSW</u>	<u>Australian Securities and Investment Commission</u>	<u>AUD-BBR-BBSW</u>	<u>Adjusted Cash Rate</u>
<u>CDOR</u>	<u>Canadian Office of the Superintendent of Financial Institutions</u>	<u>CAD-BA-CDOR</u>	<u>Adjusted CORRA</u>
<u>HIBOR</u>	<u>The Hong Kong Monetary Authority and/or the Hong Kong Association of Banks</u>	<u>HKD-HIBOR-HKAB</u>	<u>Adjusted HONIA</u>

2.1.9 **Initial Margin**

The Clearing House will require FCM Clearing Members to furnish it with Initial Margin. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate Initial Margin requirements for FCM SwapClear Contracts.